

UNITED STATES OF AMERICA  
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Pat Wood, III, Chairman;  
Nora Mead Brownell, Joseph T. Kelliher,  
and Suedeem G. Kelly.

CenterPoint Energy Gas Transmission Company

Docket No. CP04-31-000

ORDER APPROVING ABANDONMENT OF FACILITIES WITH CONDITIONS

(Issued May 11, 2004)

1. On December 9, 2003, CenterPoint Energy Gas Transmission Company (CenterPoint) filed an application, pursuant to section 7(b) of the Natural Gas Act (NGA) and 18 C.F.R. Part 157, Subpart A, of the Federal Energy Regulatory Commission's regulations, seeking Commission approval for CenterPoint to abandon a rural tap located on CenterPoint's Line ST-1B in Panola County, Texas.<sup>1</sup> For the reasons discussed below, we approve CenterPoint's application to abandon facilities, with conditions.

**Background**

2. CenterPoint provides transportation service to CenterPoint Energy-Entex (Entex), an affiliated distribution company that provides local distribution services, including service to one rural domestic customer located on CenterPoint's Line ST-1B in Panola County, Texas.

3. Line ST-1B, a 12-inch diameter lateral line, approximately 10.3 miles in length, was installed in 1954 to receive gas supplies from producers and transport those supplies to CenterPoint's mainline transmission system. Line ST-1B was constructed as a gas supply facility. Sometime after 1954, two rural taps were installed on this gas supply line to deliver gas to two rural customers.<sup>2</sup>

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<sup>1</sup>See CenterPoint's December 9, 2003 Abbreviated Application for Abandonment (Application) at page (p.) 1.

<sup>2</sup>Gas was originally delivered to the customers by the Arkansas Louisiana Gas Company. In 1991, Entex assumed the operation of the distribution service through these taps.

4. CenterPoint avers that Line ST-1B is no longer used for its primary purpose of receiving gas into the CenterPoint system. CenterPoint further asserts that no production gas has flowed through this line for a number of years. CenterPoint states that it has delivered gas into this line to maintain pressure in the line for the limited purpose of continuing deliveries to the two rural customers, Mr. Ray Schultz and Mr. Ronny White.<sup>3</sup> CenterPoint asserts that continued operation of Line ST-1B merely to serve Mr. White, the only current rural customer, is neither efficient nor economical.

5. CenterPoint asserts that it costs at least \$10,000 per year to maintain the line and that it receives approximately \$30.00 per year of revenue from deliveries to Mr. White.<sup>4</sup> In light of the maintenance costs of the line, the low utilization of the line, and the fact that the pipeline no longer serves its original purpose, CenterPoint asserts that it sought to sell the line.

6. CenterPoint has been unable to effectuate a sale of the line to a gatherer.<sup>5</sup> CenterPoint, therefore, now requests authorization to abandon Mr. White's delivery point, and subsequent to that authorization it plans to abandon Line ST-1B under its blanket certificate.

7. Mr. White has not consented to the abandonment. CenterPoint asserts that it has made a number of unsuccessful efforts to reach agreement with Mr. White.

8. CenterPoint states that it first notified Mr. White by letter dated June 11, 2003 of the proposed abandonment.<sup>6</sup> CenterPoint further states that it offered Mr. White the

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<sup>3</sup>Mr. Schultz's service was abandoned by Entex in 2003 upon his consent to be converted to LPG. Mr. Schultz is now receiving Liquid Propane Gas (LPG) service and CenterPoint has abandoned the associated rural tap pursuant to its Part 157, Subpart F blanket certificate (Blanket certificate).

<sup>4</sup>CenterPoint states that the approximate annual volumes and revenues for service to Mr. White are 118 Dth and \$30, respectively, and the annual costs to operate and maintain ST-1B are approximately \$10,000, excluding the carrying costs associated with approximately 2,500 Dth of gas required to keep pressure on the 10.3 miles of 12-inch pipe (approximately \$10,000 of line pack at a cost of gas of \$4.00 per Dth).

<sup>5</sup>CenterPoint states that several non-affiliated gathering companies expressed an interest in acquiring the line, but the bids were not economic and that ongoing negotiations have failed to produce an agreement for the sale of the line.

<sup>6</sup>Application, p. 3.

options to convert to LPG fuel at CenterPoint's expense or to accept a payment equal to estimated LPG conversion costs.<sup>7</sup> CenterPoint states that Mr. White rejected the offer.

9. CenterPoint contends that Mr. White's rejection forced CenterPoint to explore possible alternative arrangements. CenterPoint asserts that Mr. White could continue to receive pipeline gas service by tying his service to a Gary Distribution Company service line (Gary line) located across the road from Mr. White's property. CenterPoint further states that based on discussions with Gary Distribution officials, this service line could be installed at a cost of approximately \$6,000, provided Mr. White grants Gary Distribution easement rights to install the new service line on his property from the road to Mr. White's residence. CenterPoint also asserts that Mr. White would not grant Gary Distribution an easement across his property.<sup>8</sup>

10. CenterPoint states that it also explored tying Mr. White's service into the Gary line by laying 3,060 feet of 2-inch plastic pipe, which would have avoided the easement issue, but the estimated cost was \$60,217 including right-of-way, inspections and environmental costs. CenterPoint also asserts that when compared to the cost to convert the existing service to LPG fuel, this alternative is not economical.<sup>9</sup> CenterPoint contends that inasmuch as Mr. White has refused, thus far, to consent to alternative natural gas service or to conversion to LPG, it now seeks authorization to abandon the rural tap.

11. The facilities in issue consist of a one-inch tap, a short segment of above ground riser, and a one-inch regulator.<sup>10</sup> Upon approval of abandonment, CenterPoint states that it will fully compensate Mr. White for conversion to LPG on the terms originally offered.<sup>11</sup>

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<sup>7</sup>Application, p. 3.

<sup>8</sup>Application, p.4.

<sup>9</sup>Application, p.4.

<sup>10</sup>Application, p.5.

<sup>11</sup>Application, p.5; see, also Exhibit (Ex.) W, Letter Offer Submitted To Customers.

### **Interventions and Comments**

12. CenterPoint's abandonment application was published in the Federal Register on December 24, 2003.<sup>12</sup> No timely or untimely motions to intervene or comments were filed in this proceeding.

13. Mr. White reportedly has not responded to mailings from CenterPoint and has neither protested nor intervened in the instant matter.

### **Discussion**

#### **Abandonment of Jurisdictional Facilities**

14. Section 157.6(d) of the Commission's regulations requires that the applicant for abandonment authorization must make a good faith effort to notify all affected landowners directly affected by the proposed activity. The notice is intended to provide a variety of information including a copy of the Commission's notice of application that specifically states the date by which timely motions to intervene are due, with information on how to intervene in Commission proceedings. Additionally section 157.18(d) of the Commission's rules requires that the applicant address the impact on customers whose service will be terminated.

15. CenterPoint's application includes a copy of the letters and Election Forms submitted by CenterPoint's Right-of-Way Representative, Mr. Dick Nowell, on June 11, 2003, to Mr. White and Mr. Schultz setting forth the option of conversion to LPG service, or acceptance of a cash payment equal to such LPG conversion. Further, the Application evidences that Mr. Schultz's corresponding Election Form was signed and dated October 29, 2003. An unsigned copy of Mr. White's Election Form was included with the application. Additionally, in its January 21, 2004 data response, CenterPoint states that the letter offer was tendered to Mr. White in June of 2003. Further, CenterPoint, through an affidavit of Mr. Dick Nowell, avers that the letter offer to Mr. Ronny White was hand delivered to Mr. White at his Carthage, Texas address. Accordingly, we find that the record reflects that Mr. White was duly notified of CenterPoint's offer for an alternative fuel service.

16. Additionally, CenterPoint submitted documentation of the United States Postal Service's attempts to deliver the certified notification letter from CenterPoint to Mr. White. The documentation evidences that, as of February 7, 2004, Mr. White had not

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<sup>12</sup>68 Fed. Reg. 74,566 (December 24, 2003).

signed for, and accepted delivery of the mail. The record further evidences that on February 9, 2004, CenterPoint mailed, via first class mail, a copy of the notice of the application for the proposed abandonment to Mr. White.

17. Subsequent to these efforts by CenterPoint to provide notice to Mr. White, Commission staff mailed a copy of the Commission's Citizen Guide to Mr. White to further inform him of his rights and to provide an explanation of the Commission's procedures for filing motions to intervene and how to participate in a Commission proceeding.

18. On February 18, 2004, CenterPoint's LDC affiliate, CenterPoint Energy Entex<sup>13</sup> (Entex) filed an application with the Texas Railroad Commission (TRRC) to abandon natural gas service to Mr. White. The notice period for parties to intervene or protest the proceeding expired March 19, 2004. Again, Mr. White failed to file a motion to intervene or a protest.

19. Although Mr. White apparently opposes termination of his existing service, as evidenced by his refusal to consent to abandonment or to agree to alternatives or a cash settlement, he has not filed motions to intervene or protests in either the instant proceeding or the Entex abandonment proceeding now pending before the Texas Railroad Commission. CenterPoint represents that it informed Mr. White of the proceeding and that procedure for to how to participate.<sup>14</sup> Further, Mr. White has been offered the choices of compensation or two reasonable service alternatives, one of which would permit Mr. White to continue to receive pipeline gas instead of LPG.

20. We have examined CenterPoint's proposal and find that the requested abandonment authorization is permitted by the public convenience and necessity. Line ST-1B is no longer used for its primary purpose of receiving gas into the CenterPoint system. No production gas has flowed through this line for a number of years. CenterPoint has delivered gas into this line to maintain pressure in the line for the limited purpose of continuing deliveries to the two rural customers. Continued operation of Line ST-1B merely to serve one current rural customer is neither efficient nor economical.

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<sup>13</sup>CenterPoint's LDC affiliate, CenterPoint Energy Entex is a gas utility under Texas Utilities Code § 101.003(7) and pursuant to 16 Texas Administrative Code section 7.465.

<sup>14</sup>See CenterPoint's February 19, 2004 data response, attachments at "Documentation of Service or Notice."

21. Accordingly, we will authorize CenterPoint to abandon the rural tap facility as proposed. The Commission notes that CenterPoint has proposed to compensate Mr. White for expenses necessary to convert the existing gas service to LPG fuel. The Commission expects CenterPoint to adhere to its commitment.

**Environment**

22. Environmental review of this proposal under section 380.4 confirms that this action qualifies as a categorical exclusion under section 380.4(a)(28).

23. At a hearing held on May 5, 2004, all evidence submitted, including the application and exhibits supporting the authorizations sought in this proceeding, were made part of the record.

**The Commission orders:**

(A) CenterPoint is granted authorization pursuant to NGA section 7(b) to abandon the facilities described in the body of this order.

(B) CenterPoint shall notify the Commission within 10 days of the date of abandonment of the facilities described in the body of this order.

By the Commission.

( S E A L )

Linda Mitry,  
Acting Secretary.